

NEWS RELEASE

CANADA COAL INC. COMPLETES \$4.3 MILLION PRIVATE PLACEMENT

January 20, 2012

Toronto, Ontario – January 20, 2012 –Canada Coal Inc. (“**Canada Coal**” or the “**Company**”), announces that on November 4, 2011, Canada Coal completed a brokered private placement of 6,500,000 flow through units (“**Flow-Through Units**”) at a price of \$0.50 per Flow Through Unit and 2,100,000 subscription receipts (“**Subscription Receipts**”) at a price of \$0.50 per Subscription Receipt, for aggregate gross proceeds of \$4,300,000 (the “**Offering**”).

The Offering represents the concurrent financing (“**Concurrent Financing**”) to be completed by Canada Coal in connection with the proposed amalgamation (“**Amalgamation**”) of Mercury Capital Limited (“**Mercury**”) (TSXV: MLC.P) and Canada Coal as announced by Mercury in its press release of July 7, 2011, which Amalgamation shall constitute the qualifying transaction (“**Qualifying Transaction**”) of Mercury. It was initially anticipated that the Concurrent Financing would be for minimum gross proceeds of \$20 million, however, due to market conditions, the terms of the Concurrent Financing were amended.

Each Flow-Through Unit consisted of one flow-through common share in the capital of Canada Coal (“**Flow-Through Share**”) and one-half of one common share purchase warrant (“**Warrant**”). Each whole Warrant shall entitle the holder to purchase one Canada Coal common share at a price of \$0.80 per share until March 4, 2014. If the written confirmation of the TSX Venture Exchange (“**Exchange**”) approving the Amalgamation and the listing of the shares of the entity resulting from the Amalgamation (“**Resulting Issuer**”) on the Exchange (“**Release Condition**”), is not satisfied on or before March 4, 2012, the number of Warrants per Flow-Through Unit shall be one as opposed to one-half of one.

Each Subscription Receipt entitles the holder to acquire one Resulting Issuer common share (“**Resulting Issuer Share**”) and one-half of one Resulting Issuer warrant (“**Resulting Issuer Warrant**”) upon the completion of the Amalgamation. Each whole Resulting Issuer Warrant shall entitle the holder to purchase one Resulting Issuer Share at a price of \$0.80 per share until March 4, 2014. If the Release Condition is not satisfied on or before March 4, 2012, each Subscription Receipt shall at such point and at no additional consideration to the holder, be comprised of 1.1 Resulting Issuer Shares (instead of one Resulting Issuer Share) and 0.55 Resulting Issuer Warrants (instead of one-half of one Resulting Issuer Warrant). If the Release Condition is not satisfied on or before April 4, 2012, the Subscription Receipts will be cancelled and all proceeds from the sale of such subscription receipts shall be returned to the subscriber thereof.

In connection with the Concurrent Financing, Canada Coal paid a cash commission of \$301,000, and issued a total of 602,000 compensation warrants, which represented 7% of the aggregate gross proceeds raised and 7% of the securities issued, to Casimir Capital Ltd., Canaccord Genuity Corp. and PowerOne Capital Markets Limited, the agents in connection with the Concurrent Financing. Each compensation warrant entitles the holder to purchase one Canada Coal common share at a price of \$0.80 per share until November 4, 2014.

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READER ADVISORY

This press release contains forward-looking statements with respect to the Amalgamation and matters concerning the business, operations, strategy, and financial performance of Canada Coal and Mercury. These statements generally can be identified by use of forward looking word such as "may", "will", "expect", "estimate", "anticipate", "intends", "believe" or "continue" or the negative thereof or similar variations. The completion of the Amalgamation and the future business, operations and performance of Canada Coal discussed herein could differ materially from those expressed or implied by such statements. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the transaction contemplated herein is completed. Forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of Mercury and Canada Coal to obtain necessary shareholder approval to complete the Amalgamation or to satisfy the requirements of the Exchange with respect to the Amalgamation. The cautionary statements qualify all forward-looking statements attributable to Mercury and Canada Coal and persons acting on their behalves. Unless otherwise stated, all forward looking statements speak only as of the date of this press release and Mercury and Canada Coal have no obligation to update such statements except as required by law.

Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance. The transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all. Investors are cautioned that, except as disclosed in the management information circular or filing statement prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Neither TSX Venture Exchange Inc. nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange Inc.) accepts responsibility for the adequacy or accuracy of this release.