

February 28, 2012

**MERCURY CAPITAL LIMITED AND CANADA COAL INC. COMPLETE
QUALIFYING TRANSACTION**

Toronto, Ontario – Mercury Capital Limited (MLC.P) (“**Mercury**”) and Canada Coal Inc. (“**Canada Coal**”), are pleased to announce that they have completed their previously announced business combination transaction effective as of February 23, 2012 (the “**Effective Date**”). The transaction was effected by way of an amalgamation (the “**Amalgamation**”) of Mercury and Canada Coal pursuant to an amalgamation agreement dated November 4, 2011 (“**Amalgamation Agreement**”). The Amalgamation was approved by the shareholders of Mercury and Canada Coal at their respective annual and special meeting of shareholders, held on February 21, 2012. The amalgamated company (the “**Resulting Issuer**”) is named “Canada Coal Inc.”. The TSX Venture Exchange (“**Exchange**”) has issued its acceptance of the Amalgamation, and the Resulting Issuer will commence trading on the Exchange on February 29, 2012, under the symbol “**CCK**”.

On the Effective Date, all common shares of Mercury and Canada Coal were exchanged for common shares of the Resulting Issuer (“**Resulting Issuer Shares**”), on a one-for-one basis. All outstanding compensation options and warrants and outstanding options issued pursuant to Mercury’s stock option plan, remain outstanding and shall entitle the holder thereof to acquire Resulting Issuer Shares on the same terms and conditions as the original Mercury securities. All outstanding warrants, compensation warrants and options issued pursuant to Canada Coal’s stock option plan, remain outstanding and shall entitle the holder thereof to acquire Resulting Issuer Shares on the same terms and conditions as the original Canada Coal securities.

In addition, \$976,500, representing the escrowed portion of the gross proceeds raised by Canada Coal in connection with its previously announced private placement financing of subscription receipts (the “**Subscription Receipts**”), which closed on November 4, 2011, was released from escrow on completion of the Amalgamation. Each Subscription Receipt was converted into one Resulting Issuer Share and one-half of one Resulting Issuer warrant, with each whole warrant entitling the holder to purchase one Resulting Issuer Share at a price of \$0.80 per share until November 4, 2014.

As of the Effective Date, there are 43,449,750 Resulting Issuer Shares outstanding, of which 40,100,000 Resulting Issuer Shares, representing approximately 92.2% of the outstanding

Resulting Issuer Shares, are held by the former Canada Coal securityholders. In addition, an aggregate of 31,846,950 Resulting Issuer Shares have been reserved for issuance upon the exercise of outstanding warrants, compensation options and stock options of Mercury and Canada Coal.

Following completion of the Amalgamation, management of the Resulting Issuer consists of the following individuals:

- Abraham (Braam) Jonker, Director, President and Chief Executive Officer
- R. Bruce Duncan, Director, Executive Chairman
- Senator Michael MacDonald, Director
- Edward R. Klue, Director
- William F. Lindqvist, Director
- Thomas A. Fenton, Director and Corporate Secretary
- Olga Nikitovic, Chief Financial Officer

Braam Jonker, President and CEO of Canada Coal commented that: “this is a significant step forward for Canada Coal in its quest to unlock value from its Nunavut Coal Property. We believe that the Company has the potential to add meaningful economic value to the Territory of Nunavut and the community at large whilst also creating significant shareholder value.”

For further information regarding the Amalgamation, Canada Coal, Mercury and the Resulting Issuer, please see the joint management information circular of Mercury and Canada Coal dated January 23, 2012, which is available on SEDAR at www.sedar.com.

About Canada Coal

Canada Coal is a publically listed company focused on coal exploration and development in Nunavut. Through its two wholly-owned subsidiaries, Canada Sovereign Coal Corp. and 5200 Nunavut Ltd., Canada Coal holds 75 active licences comprising approximately 2,442,627 acres located on Ellesmere Island and Axel Heiberg Island in Nunavut (the “**Nunavut Coal Property**”). Canada Coal has commissioned a National Instrument 43-101 compliant technical report in respect of the Nunavut Coal Property, dated September 30, 2011 entitled “*The Nunavut Coal Project-Ellesmere Island and Axel Heiberg Island, Nunavut, Canada*” prepared by Keith McCandlish, P. Geol., P. Geo., Susan O’Donnell, P. Geol., of Associated Geosciences Ltd., Calgary, Alberta, Canada, a copy of which is available on SEDAR at www.sedar.com.

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The TSX Venture Exchange has in no way passed upon the merits of the Transaction and neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Investors are cautioned that, except as disclosed in joint management information circular of Mercury and Canada Coal dated January 23, 2012, any information released or received with respect to the Amalgamation may not be accurate or complete and should not be relied upon. Trading in the securities of Canada Coal should be considered highly speculative.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This news release includes certain “forward-looking information” under applicable Canadian securities legislation. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties, and other factors which may cause the actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic, competitive, political and social uncertainties; delay or failure to receive regulatory approvals; the price of mineral resources; and the results of current exploration and testing. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Canada Coal disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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