



FOR IMMEDIATE RELEASE

EXTENSIVE THERMAL COAL DEPOSITS IDENTIFIED IN OVER 100 COAL SEAMS

October 16th, 2012, Vancouver, BC, Canada – Canada Coal Inc. (the “Company” or “Canada Coal”), (TSX-V: CCK) is pleased to announce the confirmation of multiple high quality thermal coal deposits on its arctic coal license areas located in Nunavut. The 2012 exploration program assessed well over 100 coal seams on the Company’s Fosheim Peninsula project area resulting in the identification of extensive zones of low-sulphur, low-ash, subbituminous, thermal coal. Fosheim Peninsula is one of six coal license areas owned by the Company.

Field work, including geological mapping, sampling, geophysical permafrost studies, and heritage studies focused on defining priority drill targets for an upcoming diamond drill program. Results from 285 coal samples have been classified according to ASTM Standards and range from subbituminous A coal to lignite B. The study identified extensive zones of low-sulphur, low-ash, subbituminous coal, suitable for use as thermal coal. An updated NI 43-101 technical report is being prepared by DMT Geosciences Ltd. of Calgary, Alberta (formerly Associated Geosciences Ltd.). The full report will be available on the Company’s website within 45 days of this press release.

Braam Jonker, President & CEO of Canada Coal, states: “We are greatly encouraged by the confirmation of extensive thermal coal deposits, with low sulphur and ash content, on our Fosheim Peninsula coal license area. These discoveries help to confirm the historic coal target size assessments throughout its arctic coal properties. The next phase of exploration will include an upcoming drill program to further define our thermal coal deposits and to explore for metallurgical coal deposits at deeper levels. As our exploration programs progress, we are committed to close cooperation with local communities and transparent communication with all stakeholders.” Mr. Jonker further states, “Canada Coal is currently examining the potential for thermal coal on its arctic coal licenses as a solution for the current energy challenges in Nunavut. The Company is actively evaluating various fuel power generation technologies including coal to liquids (CTL) and coal water slurry (CWS).”

Throughout the field program 39 of the Company’s 75 total coal exploration license blocks were assessed including: 22 license blocks on Fosheim Peninsula, 8 license blocks on Bache Peninsula, 1 license block on Strathcona Fiord, and 8 license blocks on Vesle Fiord. Fosheim Peninsula remains the primary exploration target.

Exploration of these license blocks included collection at 135 sample locations with 285 individual samples taken in total. Upon completion of the field program, samples were delivered to Birtley Coal & Minerals Testing Division of Calgary, Alberta for testing.

The 2012 exploration program was conducted over a 6 week period between June 16th, 2012 and July 30th, 2012. Variable personnel (15-18 people) were positioned at Environment Canada’s Eureka Weather Station and helicopter support was utilized to access the project area. The crew

included two teams of geologists, a geophysics team, a heritage team (consisting of a paleontologist and archaeologist), local guides, and aircraft personnel.

Sites for detailed geologic mapping and strategic sampling were assessed based on a priority ranking system established following several weeks of field prospecting. Priority ranking was based on continuity of an exposure, structural complexity of an area, and/or quality control sampling. Two geology teams assessed these sites along with a paleontologist, archaeologist, and local guide. Integration of mapping and sampling results to create a detailed geological interpretation of the project area is ongoing.

As a result of the mapping and sampling program, several prospective coal zones have been identified for further exploration. Type samples from each of the zones are listed in the table below.

Target Coal Zones with Surface Sample Highlights*										
Zone	Sample	Seam Thickness (m)	ADM % (adb)	RM% (adb)	ASH % (db)	VOL % (db)	FC% (db)	S% (db)	BTU/LB (db)	SG
1	2012-AGL-FN-003	7.8	6.82	8.76	5.25	41.20	53.55	0.26	11,530	1.38
	2012-AGL-FN-005	5.0	7.29	6.61	2.71	42.29	55.00	0.15	11,476	1.38
	2012-AGL-FN-001	3.1	13.38	7.59	4.26	39.30	56.44	0.29	11,930	1.35
2	2012-AGL-FN-121	3.3	10.83	5.29	3.98	40.96	55.07	0.25	11,809	1.38
	2012-AGL-FN-123	2.5	14.07	7.66	4.48	42.70	52.82	0.27	11,344	1.39
3	2012-AGL-FN-136	2.0	11.73	1.05	9.45	39.49	51.06	0.25	11,017	1.44
	2012-AGL-FN-138	2.4	11.32	3.69	6.59	40.18	53.24	0.25	11,635	1.42
4	2012-AGL-FN-217	3.0	19.16	3.30	11.46	35.54	53.00	0.32	10,927	1.42
	2012-AGL-FN-218	4.0	16.27	3.41	2.98	40.93	56.10	0.20	11,858	1.37
	2012-AGL-FN-211	3.3	18.81	4.52	5.99	37.65	56.35	0.32	11,666	1.39
*Multiple seams are present in all locations. Selected samples reported here only, results are averaged per seam.										

Zone 1, located near the center of the Fosheim Peninsula area, consists of multiple gently-dipping coal seams including a 7.8 meter and a 5 meter seam along with several smaller seams exposed in a creek cut. Additional seams outcrop to the east and west of the zone. The zone has been traced over a 5 kilometer strike length and is suspected to extend further through a zone of tundra cover.



Zones 2 and 3 occur in the southern portion of the Fosheim Peninsula. Zone 2 is characterized by broad rolling hills exposing at least eight thin seams at surface (2-3 meters), and the Zone 3 is characterized by higher relief with continuous zones of coal exposed in creek cuts. Coal quality throughout both zones is consistently subbituminous A and additional seams at depth are likely to be encountered through drilling based on regional mapping. Zones 2 and 3 have been mapped over 6 and 5 kilometer strike lengths, respectively.

Zone 4 is located in the northern Fosheim Peninsula region, and is potentially a continuation of Zone 1. Surface exposures in the area are not abundant; however multiple seams on the order of 3-4 meters were evaluated along a creek cut. The Company intends to drill several wildcat holes in the area to evaluate the potential for additional coal at depth.

Additional work conducted over the 2012 field exploration program included geophysical permafrost studies using ground penetrating radar and ground resistivity equipment and as well as heritage studies to assist with future project planning.

In compliance with National Instrument 43-101, Standards of Disclosure for Mineral Projects, Susan O'Donnell, B.Sc., P.Geol., of DMT Geosciences Ltd., is the Qualified Person responsible for the accuracy of this news release.

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 licenses comprising approximately 2,442,627 acres located on Ellesmere Island and Axel Heiberg Island in Nunavut (the “**Nunavut Coal Property**”). Canada Coal 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., and Susan O'Donnell, P. Geol., of Associated Geosciences Ltd., Calgary, Alberta, Canada, a copy of which is available on SEDAR at www.sedar.com.

On behalf of the Board of Directors
“*Braam Jonker*”

President and Chief Executive Officer
Tel: 1-604-638-0971

E-mail inquiries: info@canadacoal.com

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.

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.