

Mercury Capital to Acquire Canada Coal Inc.

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TORONTO, July 7, 2011 - Mercury Capital Limited (TSX VENTURE: MLC.P) ("Mercury Capital") is pleased to announce the execution of an agreement (the "Agreement"), on June 30, 2011, with [Canada Coal Inc.](#) ("Canada Coal") in respect to a proposed business combination to be effected by way of amalgamation (the "Amalgamation") of the parties. It is anticipated that the issuer resulting from the Amalgamation (the "Resulting Issuer") will be known as "Canada Coal Inc." or such other similar name, subject to TSX Venture Exchange approval (the "Exchange").

ABOUT CANADA COAL INC.

Canada Coal is a junior exploration and development company incorporated on August 26, 2010 under the laws of the Business Corporations Act (Ontario). The principal business activity of the Company is the acquisition, exploration and development of coal properties in Nunavut.

Canada Coal's mineral interests are held through two wholly-owned subsidiaries, namely (i) Canadian Sovereign Coal Corp. ("CSC"), a British Columbia company and (ii) 5200 Nunavut Ltd. ("5200"), a Nunavut company. In aggregate, CSC and 5200 hold 2,439,438 acres consisting of 74 coal licenses and/or coal license applications located on Ellesmere Island and Axel Hieberg Island in Nunavut.

Canada Coal has raised, to date, \$4,300,000 through the sale of common shares. Canada Coal currently has approximately \$3,600,000 in cash on hand with no debt.

Canada Coal currently has 31,500,000 common shares issued and outstanding and 24,400,000 warrants and stock options outstanding. It has 52 registered shareholders. The largest shareholder of Canada Coal is AlphaNorth Offshore Inc. which holds 3,187,500 common shares (10.12%). The next largest shareholder is Marksman Geological Ltd. which holds 3,000,000 common shares (9.52%).

On or prior to the closing of the transactions contemplated herein, Canada Coal intends to complete a minimum \$20 million and maximum \$30 million private placement of its securities (the "Proposed Financing"). In this regard, Canada Coal has executed an engagement letter dated June 9, 2011 with Casimir Capital Ltd. ("Casimir") whereby Casimir has agreed to act as lead agent on behalf of a syndicate of agents to complete the Proposed Financing.

Pursuant to the Proposed Financing, Canada Coal will issue units ("Units") at a subscription price of \$0.80 per Unit, consisting of one common share and one-half of one transferrable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will be exercisable for one common share of Canada Coal at an exercise price of \$1.10 for a period of 36 months from closing of the Proposed Financing. The Proposed Financing is subject to a 15% over allotment option in favour of the placement agents exercisable within 30 days of closing of the Proposed Financing. The terms of the Proposed Financing may change in accordance with market conditions and the further agreement of Mercury Capital.

ABOUT THE TRANSACTION

On June 30, 2011, Mercury Capital and Canada Coal signed the Agreement pursuant to which they have agreed to proceed with an amalgamation which is expected to constitute a "Qualifying Transaction" for Mercury Capital as defined in Policy 2.4 of the Exchange's Corporate Finance Manual. The transaction is subject to shareholder approval from both companies as well as Exchange approval. Upon completion of the Amalgamation, the Resulting Issuer (as defined in Exchange Policy 2.4) will be considered a Tier 1 mining issuer (as defined in Exchange Policy 2.1).

The Qualifying Transaction will be completed by way of business combination agreement entered into between Mercury Capital and Canada Coal (the "Combination Agreement"). Under the Combination Agreement, holders of common shares and other securities (options and warrants) of Canada Coal and of Mercury Capital will each receive common shares and other securities (options and warrants) of the Resulting Issuer on a one-for-one basis. Accordingly, the existing 259,975 stock options of Mercury Capital will be exchanged for 259,975 options of the Resulting Issuer with an exercise price of \$0.20 per share, 244,975 existing warrants of Mercury Capital will be exchanged for 244,975 warrants of the Resulting Issuer

with an exercise price of \$0.20 per share. A total of 1,300,000 existing stock options of Canada Coal will be exchanged for 1,300,000 options of the Resulting Issuer with an exercise price of \$0.20 per share; 1,600,000 broker warrants of Canada Coal will be exchanged for 1,600,000 broker warrants of the Resulting Issuer with an exercise price of \$0.20 per share and 21,500,000 warrants of Canada Coal will be exchanged for 21,500,000 warrants of the Resulting Issuer with an exercise price of \$0.30 per share.

After completion of the Amalgamation and assuming the completion of the minimum Proposed Financing (on the terms described above), an aggregate of 59.8 million common shares of the Resulting Issuer will be issued and outstanding or 97.3 million common shares on a fully-diluted basis, assuming exercise of all stock options and warrants. The shareholders of Mercury Capital will own 3,349,750 common shares or 5.6% of the issued and outstanding common shares of the Resulting Issuer while the shareholders of Canada Coal will own 31.5 million common shares or 52.6% of the issued and outstanding common shares of the Resulting Issuer.

After completion of the Amalgamation and assuming the completion of the maximum Proposed Financing (on the terms described above) an aggregate of 72.35 million common shares of the Resulting Issuer will be issued and outstanding or 116.004 million common shares on a fully-diluted basis, assuming exercise of all stock options and warrants. The shareholders of Mercury Capital will own 3,349,750 million common shares or 4.63% of the issued and outstanding common shares of the Resulting Issuer while the pre-amalgamation shareholders of Canada Coal will own 31.5 million common shares or 43.54% of the issued and outstanding common shares of the Resulting Issuer.

The Amalgamation constitutes an arm's length transaction according to the policies of the Exchange.

CONDITIONS PRECEDENT TO CLOSING THE TRANSACTION

The parties' obligations to complete the Amalgamation and related transactions are subject to the satisfaction of the usual conditions precedent including, among others:

- all necessary approvals to enable the Amalgamation to be carried out have been obtained from the Exchange, the shareholders of Mercury Capital and Canada Coal, and all other regulatory authorities and third parties having jurisdiction;
- the parties being satisfied with the results of their due diligence reviews; and
- the resignation of the existing officers and directors of Mercury Capital in favour of nominees of Canada Coal.

SPONSORING BROKER

As of the date hereof, no sponsoring broker has been engaged in connection with the proposed Transaction.

MANAGEMENT AND DIRECTORS

Upon completion of the transactions described, the Resulting Issuer's board of directors will be: R. Stuart (Tookie) Angus, Chairman and Director, R. Bruce Duncan, President & Chief Executive Officer and Director; Senator Michael MacDonald, Director; Senator Dennis Patterson, Director; Braam Jonker, Director; David Danziger, Director; Olga Nikitovic, Chief Financial Officer and Thomas A Fenton, Secretary and Director. Such individuals currently hold such positions within Canada Coal as of the date hereof.

The background of each of the proposed directors and senior officers of the Resulting Issuer are as follows:

R. Stuart (Tookie) Angus, Chairman of the Board

Mr. Angus is an independent business advisor to the mining industry. He was formerly Head of the Global Mining Group for Fasken Martineau. For the past 30 years, Mr. Angus has focused on structuring and financing significant international exploration, development and mining ventures. More recently, he was Managing Director of Mergers & Acquisitions for Endeavour Financial. Mr. Angus is the former Chairman of the Board of BC Sugar Refinery Limited, he was a Director of [First Quantum Minerals](#) until June 2005, a Director of Canico Resources Corporation until its takeover by CVRD, a Director of [Bema Gold](#) until its takeover by [Kinross Gold](#), a Director of [Ventana Gold](#) until its takeover by AUX Canada Acquisition and a Director of Plutonic Power until its merger with Magma Energy. He is presently Chairman of [Nevsun Resources Ltd.](#) and a Director of [SouthGobi Resources](#).

R. Bruce Duncan, President & Chief Executive Officer and Director

Mr. Duncan is the founder of Canada Coal and has over thirty years' experience in the capital market and brokerage industry, including eight years with Gordon Capital Corporation. Mr. Duncan is currently the President of West Oak Capital Partners Inc. which provides strategic advisory services, including identifying and qualifying merger and acquisition candidates and advising in public transactions. Mr. Duncan's client base has included financial services, aviation, mining, oil and gas, logistics, and retail industries. Mr. Duncan currently sits on the boards of several private companies and is the President and CEO of [Bolero Resources Corp.](#) (TSX VENTURE: BRU), the CEO of [Prosperity Goldfields Corp.](#) (TSX VENTURE: PPG) and a Director of [Evolving Gold Corp.](#) (TSX: EVG). Mr. Duncan has extensive experience advising on corporate takeovers, both friendly and hostile, either by designing and executing effective approaches to acquiring assets or by implementing defensive strategies.

Senator Michael MacDonald, Director

Senator MacDonald is a Nova Scotia businessman and long-time Conservative activist. Mr. MacDonald has held a number of jobs on Parliament Hill in Ottawa, including with Progressive Conservative Research office, as Executive Assistant to the Honorable Stewart McInnes and to the Honorable Tom McMillan. He also worked for the Progressive Conservative government in Nova Scotia as Assistant to the Honorable Gerald Sheehy, Minister of Health, and as Executive Assistant to Premier John Buchanan. Until his appointment to the Senate, Mr. MacDonald was the Vice-President of the Conservative Party of Canada, and the party's National Councilor for Nova Scotia. He also has supported various organizations to preserve and promote Nova Scotia heritage and the Gaelic language.

Senator Dennis Patterson, Director

Senator Patterson is a former Premier of the Northwest Territories who first came to Frobisher Bay on Baffin Island in 1975. Over a sixteen year career in the Northwest Territories Legislative Assembly, including twelve years as a cabinet minister serving in eight different portfolios, he played a key role in the settlement of the Nunavut Land Claim Agreement and was a leader in the twenty year campaign which led to the establishment of the Nunavut territory in 1999. Prior to entering politics, Mr. Patterson practised law as the founding Director of the first legal aid clinic in the north. After serving as an MLA, since 1995 Mr. Patterson has been a management consultant and a Trustee and Chair of the Investment Committee of Northern Property Real Estate Investment Trust. He was appointed as Senator for Nunavut by Prime Minister Stephen Harper in 2009 and serves on the Aboriginal Affairs and Fisheries and Oceans Committees of the Senate.

Braam Jonker, Director

Mr. Jonker is a Chartered Accountant (South Africa, England and Wales) and holds a Masters Degree in South African and International Tax from the Rand Afrikaans University. Mr. Jonker has over 17 years of extensive accounting and corporate finance experience mostly in the mining industry. He has worked as a consultant to the mining sector in Africa, spent time with Mwana Africa Plc, and with the corporate finance departments at [Anglo American Corporation](#) and PricewaterhouseCoopers. Most recently, Mr. Jonker was the Chief Financial Officer at [Western Coal Corp.](#) until its acquisition by [Walter Energy Inc.](#) Mr. Jonker is also a member of the Boards of Directors of [Eastcoal Inc.](#) (TSX VENTURE: ECX) and [Mandalay Resources Corporation](#) (TSX: MND) where he is also the Interim Chairman of the Board.

David Danziger, CA, Director

David Danziger is currently a senior partner at MSCM LLP, Chartered Accountants, a full service audit and accounting firm located in Toronto. His practice involves the audit of public companies listed on all stock exchanges in North America. Mr. Danziger has over 25 years experience in audit, accounting and management consulting and over 10 years specific in the mineral resource sector. He is currently a Director for Cadillac Ventures Inc. (TSXV), Eurotin Inc. (TSXV), [Carpathian Gold Inc.](#) (TSX) and Renforth Resources Inc. (CNSX). He is also the President and CEO of Renforth Resources Inc. Mr. Danziger graduated with a BComm. from the University of Toronto and also holds a CA designation.

Thomas A. Fenton, LLB, Secretary & Director

Mr. Fenton is a partner of the Toronto based law firm, Aird & Berlis LLP. Mr. Fenton's practice encompasses

corporate finance and merger and acquisitions. He is director and/or officer of several public and private companies. Mr. Fenton was called to the bar in 1988 having obtained his LLB degree from the University of Western Ontario in 1986.

Olga Nikitovic, CA, Chief Financial Officer

Ms. Nikitovic is a chartered accountant and management consultant with over 25 years of work experience. Ms. Nikitovic worked at PricewaterhouseCoopers for nine years in both the audit and management consulting departments. While consulting, Ms. Nikitovic specialized in re-engineering and cost management. After leaving PricewaterhouseCoopers, Ms. Nikitovic held senior management positions with two of Canada's largest retailers. At present, Ms. Nikitovic is the Chief Financial Officer for a number of publically traded mining companies, namely: Bolero Resources Corp. and Prosperity Goldfields Corp.

ABOUT CANADA COAL INC.

Canada Coal was incorporated in August, 2010 and its corporate offices are located in Toronto, Ontario. Canada Coal has not conducted any business other than to acquire coal based mineral licenses and related applications (through its wholly-owned subsidiaries, CSC and 5200) located in Nunavut.

The following is a summary of Canada Coal unaudited financial information prepared by Canada Coal's management for the period from inception (August 26, 2010) to June 30, 2011:

- Total Assets	\$4,300,000
- Total Liabilities	\$18,000
- Total Revenue	\$ nil
- Net Loss (before taxes)	\$266,000

The information provided in this Press Release regarding Canada Coal and the proposed management of the Resulting Issuer has been provided by Canada Coal and has not been independently verified by Mercury Capital.

ABOUT MERCURY CAPITAL LIMITED

Mercury Capital is a "capital pool company" within the meaning of the policies of the Exchange. Mercury Capital was incorporated on July 22, 2010 and was listed on the Exchange on February 2, 2011. Mercury Capital does not have any operations, and has no assets other than cash. Mercury Capital's business is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction under the policies of the Exchange.

READER ADVISORY

Trading in the shares of Mercury Capital will remain halted until receipt by the Exchange of satisfactory documentation.

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 Capital. 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 Capital 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 Capital 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 Capital 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. Trading in the securities of a capital pool company should be considered highly speculative.

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.

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