



**FOR IMMEDIATE RELEASE**

**PHOENIX COAL COMPLETES SALE OF PANAMA SOUTH PROPERTY FOR  
US\$10 MILLION**

**LOUISVILLE, KY, February 24, 2010**– Phoenix Coal Inc. (TSX: PHC) (“Phoenix” or the “Company”) announced today that it has completed the sale of its Panama South property lease to a major U.S. coal producer. The proceeds from the sale of this non-core asset were US\$10 million.

“The sale of the Panama South lease is a successful step in our initiative to maximize the value of our coal properties,” said David A. Wiley, President and CEO of Phoenix Coal Inc. “The leased property was part of the later stages of Phoenix’s mining plans, so the transaction represented substantial value today for an asset whose value would otherwise not have been realized by the Company. In addition, the \$10 million strengthens our solid balance sheet and puts us in excellent position to capitalize on new opportunities in the natural resources and mining sector.”

Phoenix’s remaining significant, non-cash asset is the Gryphon reserve, which is comprised of the property leases controlled through the acquisition of Pact Resources, LLC and the Petersburg sublease. The Company is currently in advanced stages of negotiations and due diligence regarding the potential sale of this reserve.

The Company’s management and Board of Directors, with the assistance of its financial advisor Cormark Securities Inc., will continue to consider all strategic alternatives to maximize shareholder value. Although multiple parties have submitted expressions of interest on Gryphon, there can be no assurance at this time that a transaction will be consummated.

**About Phoenix Coal Inc.**

Phoenix Coal is headquartered in Louisville, Kentucky and its primary coal assets are located in Henderson County and Webster County, Kentucky. The Company controls the Gryphon Mining Complex, a coal property containing 46.1 million tons of proven and probable reserves and 28.6 million tons of measured and indicated resources. For additional information, visit [www.phxcoal.com](http://www.phxcoal.com).

## **FORWARD-LOOKING STATEMENTS**

*Certain information set forth in this press release contains “forward-looking statements”, and “forward-looking information” under applicable securities laws. Except for statements of historical fact, certain information contained herein constitutes forward-looking statements which include management’s assessment of Phoenix’s future plans and operations and are based on Phoenix’s current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as “expects” “anticipates”, “believes”, “projects”, “plans”, and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause Phoenix’s actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements, without limitations, which forward-looking statements included the production run rate Phoenix expects to achieve at full production. These risks and uncertainties include, but are not limited to: liabilities inherent in coal mine development and production; geological, mining and processing technical problems; Phoenix’s inability to obtain required mine licenses, mine permits and regulatory approvals required in connection with mining and coal processing operations; dependence on third party coal transportation systems; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in commodity prices and exchange rates; changes in the regulations in respect to the use of coal; the effects of competition and pricing pressures in the coal market; the oversupply of, or lack of demand for, coal; currency and interest rate fluctuations; various events which could disrupt operations and/or the transportation of coal products, including labor stoppages and severe weather conditions; the demand for and availability of rail, port and other transportation services; changes in mineral reserve and mineral resource estimates; and management’s ability to anticipate and manage the foregoing factors and risks. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Phoenix undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.*

The TSX has neither approved nor disapproved of the contents of this press release.

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