

**REPORT UNDER PART 4 OF
NATIONAL INSTRUMENT 62-103**

Report for the end of October 2011

1. The name and address of the eligible institutional investor:

Salida Capital LP (“Salida”)
2 Bloor Street West, Suite 2700
Toronto, Ontario
M4W 3E2

Salida acts as the adviser and/or manager of certain investment funds and discretionary accounts (collectively, the “Funds”).

2. The name of the reporting issuer:

Royal Coal Corp. (the “Issuer”)

3. Designation and number or principal amount of voting or equity securities of the reporting issuer in respect of which the report is being filed and the securityholding percentage of the eligible institutional investor in the class of securities:

As at October 31, 2011, the Funds beneficially owned and Salida exercised control and direction over an aggregate of 14,030,000 common shares (“Common Shares”) and 9,600,000 warrants (“Warrants”) of the Issuer (each Warrant entitles the holder to acquire one Common Share at a price of \$0.335 per Common Share until February 23, 2013), representing approximately 9.41% of the outstanding Common Shares, calculated on a partially diluted basis based on the number of outstanding Common Shares of 241,640,671, as reported by the Issuer in its interim Management’s Discussion and Analysis dated August 26, 2011.

4. Statement of Eligibility:

Salida is eligible to file reports under Part 4 of NI 62-103 in respect of the Issuer.

DATED this 10th day of November, 2011.

**SALIDA CAPITAL GP LTD. as
General Partner of SALIDA CAPITAL LP**

Greg Lemaich

Greg Lemaich
Vice President Corporate Operations and
General Counsel