

ALTERNATIVE MONTHLY REPORT

REPORT FILED BY ELIGIBLE INSTITUTIONAL INVESTOR UNDER PART 4 OF NATIONAL INSTRUMENT 62-103

1. Name and address of the eligible institutional investor:

Front Street Investment Management Inc. ("FSIMI")
33 Yonge Street, Suite 600
Toronto, Ontario M5E 1G4

2. Name of reporting issuer:

Royal Coal Corp. ("Royal Coal")

3. Month in respect of which this report is filed:

December, 2011

4. Net increase or decrease in the number or principal amount of securities, and in the eligible institutional investor's security holding percentage in the class of securities, since the last report filed by the eligible institutional investor under Part 4 of National Instrument 62-103 or the early warning requirements:

FSIMI's ownership of Royal Coal, on behalf of its client accounts, decreased by 2,663,346 common shares since last report filed.

5. Designation and number or principal amount of securities and the eligible institutional investor's security holding percentage in the class of securities at the end of the month for which the report is made.

As of December 31, 2011, FSIMI had control or direction over 19,436,654 common shares and 11,050,000 warrants (12.62%) of the 241,600,000 issued and outstanding common shares of Royal Coal on a fully diluted basis.

6. Designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to above over which:

(i) the eligible institutional investor, either alone or together with any joint actors, has ownership and control:

12.62% as defined above in #5.

(ii) the eligible institutional investor, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the eligible institutional investor or any joint actor:

Not applicable.

- (iii) *the eligible institutional investor, either alone or together with any joint actors, has exclusive or shared control but does not have ownership:*

Not applicable

7. *Purpose of the eligible institutional investor and any joint actors in acquiring or disposing of, or control over, the securities, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:*

FSIMI's ownership of common shares of Royal Coal is for investment purposes only.

8. *General nature and material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the eligible institutional investor, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the report, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:*

There are no agreements between FSIMI and Royal Coal or any other entity in connection with FSIMI's ownership of common shares of Royal Coal.

9. *Names of any joint actors in connection with the disclosure required by Appendix G of National Instrument 62-103:*

Not applicable.

10. *If applicable, a description of any change in any material fact set out in a previous report by the eligible institutional investor under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities:*

Not applicable.

11. *Statement regarding eligibility to file reports under Part 4 of NI 62-103 in respect of the reporting issuer:*

FSIMI is an eligible institutional investor and is eligible to file Reports under Part 4 of NI 62-103 in respect of Royal Coal.

Contact Person:

For further information, please contact:

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DATED at Toronto, Ontario this 10th day of January, 2012.