

**ROYAL COAL CORP. ANNOUNCES ADVANCE PAYMENTS
FROM SANDSTORM METALS & ENERGY ON
ROYALTY AGREEMENT AND COAL PURCHASE AGREEMENT**

FOR IMMEDIATE RELEASE

Toronto, Ontario – January 7, 2011 – Royal Coal Corp. (TSX-V: RDA) (“Royal Coal” or the “Company”) announces that, in accordance with the royalty and coal purchase agreements with Sandstorm Metals & Energy Ltd. (“Sandstorm Energy”) (TSX-V: SND) previously announced November 26, 2010, Sandstorm Energy has advanced a portion of the agreed upon upfront payments to the Company.

Sandstorm Energy has:

- advanced US\$2 million of the US\$11 million total upfront coal purchase payment committed to Royal Coal
 - in accordance with the coal purchase agreement, the remaining US\$9 million will be remitted upon completion of certain funding conditions which is expected by February 2011
- completed the purchase for US\$3 million of the 2.7% gross royalty on all of Royal Coal’s current assets (until Sandstorm Energy has been paid an aggregate amount of US\$4.5 million, and thereafter a 1.35% gross royalty).

About Royal Coal

Royal Coal is a coal exploration and production company, headquartered in Toronto, Ontario, Canada with a regional office in Hazard, Kentucky, U.S.A. whose primary business focus is developing producing surface coal mining operations in the Central Appalachian coal producing region of the United States, which includes parts of West Virginia, Virginia, Kentucky, Ohio, and Tennessee.

For further information contact Tom Griffis, Chairman of Royal Coal, at (416) 861-8775.

Except for historical information contained herein, this news release contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those currently anticipated due to a number of factors and risks. The forward-looking statements contained in this press release are made as of the date hereof and Royal Coal undertakes no obligation to update

publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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